

Premium received from LIC's foreign operations

***335. SHRI VIJAY KUMAR RUPANI:** Will the Minister of FINANCE be pleased to state:

- (a) what is the first year premium received from LIC's foreign operations;
- (b) whether it is a fact that LIC's foreign operations are showing a negative growth for the last few years; and
- (c) if so, what steps are being taken to rectify this trend?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The first year premium income of Life Insurance Corporation of India's (LIC) foreign operations for the year 2006-07 was Rs. 108.67 crore.

(b) The first year premium and the total premium income from LIC's foreign operations during the last three years are as under:—

Year	First Year Premium	Renewal Premium	Total Premium	Growth Rate
2004-05	123.41	235.01	358.42	-14.5%
2005-06	120.80	292.09	412.89	15.2%
2006-07	108.67	341.17	449.84	8.95%

Reduction in sale of single premium policies by LIC (International) B.S.C. (C), Bahrain was the main reason for negative growth in Premium Income for the year 2004-05. The total premium income improved thereafter showing positive growth in the next two years as a result of a continuous growth in Renewal Premium Income which is due to the shift in LIC's focus from Single Premium policies to Non-single Premium policies.

The provisional figures for the year 2007-08 show a growth of 7% in the total premium income over the previous year's figures.

(c) The premium income of LIC overseas operations is likely to improve on account of expansion activities undertaken by LIC of India. A new joint venture company, namely, Saudi Indian Company for co-operative insurance has been formed in the Kingdom of Saudi Arabia. The company has received certificate of registration and is likely to commence its activities soon after receipt of operational license from the local regulator. LIC is also exploring opportunities of expansion in new territories including Asian countries like Singapore.

Failure of banking sector to serve the weaker sections of society

***336. SHRIMATI HEMA MALINI:** Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the banking sector has failed to meet the targets for weaker sections of the society;
- (b) whether it is also a fact that economic reforms have reinforced financial exclusion of landless groups belonging to weaker sections who would suffer from agrarian crisis and uprooting as a result of industrialisation and urbanisation;
- (c) if so, whether Government is taking any action; and
- (d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (b) As reported by RBI, outstanding advances granted to Weaker Sections under Priority Sector lending by Public Sector Banks (PSBs) as increased in absolute terms in the last three years. These advances rose from Rs. 55,016 crore as on the last reporting Friday of March 2005 to Rs. 94,285 crore as on the last reporting Friday of March 2007. However, as a percentage of Net Bank Credit (NBC) the achievement against the target of 10% was 7.16% in 2006-07. This was primarily due to a substantial rise in NBC.

The Government has taken specific initiatives for financial inclusion and for increasing the outreach of the banking sector to the financially excluded, underprivileged and unbanked population. These include introduction of 'zero balance' or 'no frills' accounts; pilot projects for utilizing smart cards/mobile technology to increase banks' outreach; biometric methods for uniquely identifying customers; pilot project to identify at least one district in each State/ Union Territory for achieving 100 per cent financial inclusion; survey for assessing customer satisfaction in rural areas; permission given to banks to utilize the services of non-Governmental organizations/self-help groups, micro-finance institutions (other than Non-bank Financial Companies) and other civil society organizations as intermediaries in providing financial and banking services; policy initiatives to facilitate diversification of business operation of regional rural banks into new areas; agreements between banks and postal authorities for using post offices as business correspondents; several initiatives for improving delivery of customer services and, constitutions of State-specific Working Groups to explore possibilities of greater financial inclusion.

The Reserve Bank of India (RBI) Master Circular for Priority Sector Lending dated July 2, 2007 *inter alia* stipulates that a target of 10% of the Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, is to be given to the 'Weaker Sections' by domestic scheduled commercial banks, both in the public and private sectors. The guidelines on priority sector lending are available at RBI's website <http://www.rbi.org.in>.

Special law for safeguarding interest of depositors

*337. SHRI GIREESH KUMAR SANGHI: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering promulgating any special law for making provisions to safeguard the interest of the depositors in financial establishments;

(b) whether it is a fact that 14 States have enacted a special law to safeguard the interest of the depositors in financial establishments after due approval of the Government; and

(c) if so, the steps the remaining States are taking in this respect?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) No such proposal is under consideration of the Central Government. The Reserve Bank of India has been pursuing with the State Governments and Union Territories to enact a law to safeguard interest of depositors in financial establishments. So far, the State Governments of Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, New Delhi, Tamil Nadu, Tripura and Uttaranchal have enacted certain legislations for protection of interests of depositors.